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# MEDIA RELEASE



November 24, 2011

## **EMPLOYERS UNITE IN ALARM AT SUPERANNUATION LEVY RISE**

Twenty six representatives of the nation's leading employer bodies, meeting as the General Council of the Australian Chamber of Commerce and Industry, today took the exceptional step of signing a resolution of protest at the decision yesterday by the House of Representatives to legislate seven increases to the employer funded superannuation levy, raising it from 9% of payroll to 12%.

Employer representatives from both Chambers of Commerce and national Industry Associations expressed alarm that a majority of lower House MPs had chosen to impose this levy on private businesses under the guise of debate on the mining tax, when in fact the levy was not funded from mining tax revenues. Representatives were also appalled at the lack of engagement with employers on the issue.

"In hiding this levy rise inside the mining tax Bills, the government has denied employers due process, and the Greens and independents in the House have been complicit in that breach" said ACCI Chief Executive Peter Anderson.

ACCI estimates the levy increase will require an extra \$20 billion per year in compulsory employer payments, once fully implemented.

"Employer representatives have always been up for a sensible discussion with government about how retirement incomes can be equitably funded. ACCI has been active in helping frame and publicly support government reforms to the superannuation industry, such as the Cooper Review and MySuper. But this levy rise is unfair and unfunded, and was specifically recommended against by the Henry Tax Review."

"In one foul swoop, the government and the parliament has killed-off any chance of a wage-superannuation trade off to fund the levy rise to 12%. No trade union will discount wage demands for higher super once the parliament forces the business to pay."

"Costs like these end up being paid by the community through weakened business profitability, less business activity and investment and fewer jobs."

The resolution of ACCI General Council, comprising Presidents and Chief Executives of major business groups, is attached. [Click here to access.](#)

Business groups also resolved to actively alert employers of these developments, and increase pressure on the government, Opposition and Greens in the lead up to next year's Senate vote.

ACCI General Council was also addressed today by new ACCC Chairman, Rod Sims.

**For further information:**

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**MR144/456**

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## PROPOSED INCREASE TO THE SUPERANNUATION LEVY

### A Statement by Representatives of Australia's Employers

**We, the representatives of the undernamed employer and business organisations of Australia meeting in Canberra on 24 November 2011,**

**REAFFIRM** our decision of July 2010 to oppose the increase in the superannuation levy from 9% to 12% given that no effective funding basis has since been determined or is proposed;

**STRESS** that this increase places an excessive and unfair burden on Australia's private employers for financing future retirement incomes, including hundreds of thousands of SME's who themselves have little or no retirement savings other than their own business assets;

**EXPRESS** alarm at the lack of engagement with the representatives of employers and that the government has continued to imply that revenue from the mining tax will fund higher superannuation, when in fact the legislation will compel funding of the whole amount by employers;

**EXPRESS** equal alarm that the federal Opposition contemplates passive acceptance of seven consecutive increases in the levy, even though six of these would occur in the years following the next federal election;

**EMPHASISE** to the community that increases of this type come at cost to the community, including at cost to jobs, if they are not funded;

**NOTE** that a percentage of revenue to be extracted from private employers will be taken by the finance industry as commissions, and that the remainder will be invested by trustees in share and property markets that are currently highly volatile;

#### **AND CALL ON THE GOVERNMENT AND PARLIAMENT:**

1. to immediately disaggregate Senate debate on the superannuation levy legislation from debate on the mining tax;
2. to defer debate on the superannuation levy legislation so that it can be considered on its merits, and after a funding basis is identified following further discussion with industry and representatives of employers;
3. to, at the very least, amend the Fair Work laws so as to require minimum wage decisions by Fair Work Australia to discount increases it may order by the relevant cost to employers of the seven proposed levy rises;

#### **AND FURTHER CALL ON THE FEDERAL OPPOSITION:**

4. to commit to opposing increases in the levy that have not occurred as at the date of the next federal election, pending a review of the merits of future increases and their funding base and impact on SMEs, should it take government.

SIGNED at Canberra this *24<sup>th</sup>* day of *November* 2011